

July 7, 2003

Honorable Ted Stilwill  
Director of Education  
State Department of Education  
Grimes State Office Building  
Des Moines, IA 50319-0146

Dear Director Stilwill:

We have determined that your State's applications for Fiscal Years (FFYs) 2002 and 2003, under Part C of the Individuals with Disabilities Education Act (Part C), can be conditionally approved. Therefore, I am enclosing your State's Part C grant awards.

The conditional approval is based on our review and acceptance of the Iowa State Department of Education Part C applications for FFYs 2002 and 2003, including:

1. The June 30, 2003 letter from the Iowa State Department of Education to the Office of Special Education Programs, in which the Iowa State Department of Education assures that it will take all steps necessary to complete revisions to its application to conform it to the requirements of Part C and specifically to:
  - (a) Develop a prior written notice that meets the content requirements of Part C of the IDEA and its regulations including 34 CFR §303.403(b) and submit by August 31, 2003 the notice to OSEP for approval and, upon OSEP's approval of the notice, make that notice immediately available to parents in the State as required by 34 CFR §303.403;
  - (b) Amend, and submit to OSEP by June 30, 2004 the amended pages from, Appendix B on page 50 of its application to make it consistent with the due process requirements in Iowa's Administrative Rules as set forth in OSEP's June 27, 2003 memo to the State;
  - (c) Amend, and submit to OSEP by June 30, 2004 the amended pages from, page 60 of its application to make it consistent with 34 CFR §303.511(b)(2);
  - (d) Ensure compliance in the interim with the requirements of Part C of the IDEA including 34 CFR §§303.403 and 303.511(b)(2); and

- (e) Ensure that the statewide system of early intervention required by Part C of the IDEA and its implementing regulations at 34 CFR Part 303 will be in effect throughout the FY02 and FY03 grant periods.

This year, a number of states have either established systems of payments or are considering establishing or revising their systems of payments. Under 34 CFR §303.173(a), each State's Part C application must include the State's policies and procedures that identify: (1) how it will pay for early intervention services (under 34 CFR §303.520(a)); (2) any system of payments that the State chooses to establish (under 34 CFR §303.521(a)); and (3) all funding sources (under 34 CFR §303.522). Although a State is not required under Part C to access public and private insurance available to a family, if a State requires parents under Part C to access their public and/or private insurance, the State must include this information in its Part C application as well as an assurance, under 34 CFR §303.520(b)(3)(ii), that the inability of a parent to pay will not result in the denial of any service under Part C.

States must ensure that all of the functions and early intervention services under 34 CFR §303.521(b) are carried out at public expense (i.e., no cost to the family). Additionally, under 34 CFR §303.521(c), States that provide children with disabilities under age 3 with a free appropriate public education (FAPE) under State law (i.e., birth-mandate States) must ensure that no fees are charged for the FAPE services provided to these children and their families. If a State has a system of payments under 34 CFR §303.521(a), any parent fees collected (for co-payments or other fees for services charged and received by the State's Part C program) are "program income" under 34 CFR §80.25. Program income is not included as part of total "State and local expenditures" for purposes of a State's meeting the non-supplanting requirements under Part C at 20 U.S.C. §1437(b)(5)(B) and 34 CFR §303.124.

The enclosed grant awards for FFYs 2002 and 2003 are made with the continued understanding that this Office may, from time to time, require clarification of information within your application and appendices, if necessary. These inquiries are needed to allow us to appropriately carry out our administrative responsibilities related to Part C.

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We appreciate your ongoing commitment to the provision of quality early intervention services to infants and toddlers with disabilities and their families.

Sincerely,

/s/ Patricia J. Guard for

Stephanie S. Lee  
Director  
Office of Special Education Programs

Enclosure

cc: Julie Curry  
Part C Coordinator